



# Arizona Department of Administration, Procurement Compliance, Administration & Policy Office Publication

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## PCAP Technical Bulletin No. 012 Revision No. 1 Procurement Practice Reviews

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### I. Statement:

This technical bulletin is issued to update and revise AZSPO policy No. 012 "Procurement Practice Reviews" of State governmental units".

### II. Authority:

- A.R.S. § 41-2511 Authority of the Director;
- A.R.S. § 41-2512 Delegation of authority by the Director;
- R2-7-201 State Procurement Administrator Duties and Qualifications; and
- R2-7-202 Delegation of Procurement Authority to State Governmental Units:

### III. Alternate document/publication resources:

- PCAP technical bulletin No. 003; "Delegation of Procurement Authority"
- Arizona Procurement Code. Available for download at [www.pcap.az.gov](http://www.pcap.az.gov) and [www.azeps.az.gov](http://www.azeps.az.gov)

### IV. Definitions:

1. APC: The Arizona Procurement Code.
2. CPO: Chief Procurement Officer. The person within the State governmental unit, as identified by the State governmental unit head, who is acting under specific, written authority from the state procurement administrator in accordance with R2-7-202 or any person delegated that authority, in writing, under R2-7-203. The term does not include any other procurement officer or person within a state governmental unit who does not have this written delegation of authority.
3. Director: The Director of the Department of Administration.
4. EPS: "Enterprise Procurement Services" means state procurement office as defined in R2-7-101 (50)
5. State Governmental Unit: Any department, commission, council, board, bureau, committee, institution,

agency, government corporation or other establishment or official of the executive branch or corporation commission of the State subject to the provisions of the Arizona Procurement Code.

6. Governor's Executive Order: An action by the Governor of Arizona that has the legal authority of a law, often dealing with regulations or the workings of agencies.
7. GAO: The General Accounting Office.
8. IFB: Invitation for Bid.
9. PCAP: "Procurement Compliance, Administration and Policy office". The central procurement authority for the State of Arizona.
10. RFP: Request for Proposals.
11. RFQ: Requests for Quotations.
12. SCC: Strategic Contracting Centers

#### **V. Overview:**

By A.R.S. §41-2511 (B) the Director of the Department of Administration is the central procurement officer for the State. The Director explicitly delegates this authority and the authority to further delegate procurement authority to the State Procurement Administrator.

Under the direction of the State Procurement Administrator, the Procurement Compliance, Administration and Policy office (PCAP) provides central management of the delegation program and delegation of procurement authority for State governmental units. PCAP technical bulletin No. 003 "Delegation of Procurement Authority" describes this program in detail.

To ensure that State governmental units properly exercise purchasing authority in accordance with their delegation agreement and conform to the Arizona Procurement Code, applicable Executive Orders and PCAP issued technical bulletins, PCAP has implemented the Procurement Practice Review Program.

#### **VI. Reviews:**

Reviews of State governmental units with delegated procurement authority of more than \$100,000.00 shall be performed by PCAP. Reviews of State governmental units with procurement delegations of \$100,000.00 or less may be performed by PCAP when determined necessary by the State Procurement Administrator. PCAP may also rely on recent internal or external audits performed by others, such as the Auditor General's Office, as a means to supplement the review.

## **VII. Review Schedules:**

Reviews will be performed based on PCAP priorities or individual State governmental unit requests. State governmental units with delegated procurement authority of more than \$100,000.00 shall be reviewed at least once every five years. State governmental units will be notified in advance of the review.

## **VIII. Procurement Practice Review Procedures:**

- 1 Phase 1: The delegation interview: PCAP will schedule an initial interview with the State governmental unit's Director, assigned Chief Procurement Officer or designee to:
  - 1.1 Introduce staff;
  - 1.2 Provide a program overview;
  - 1.3 Discuss the program and its effect on the governmental unit; and
  - 1.4 Listen to any concerns the governmental unit may have relating to their delegation or the delegation program.
    - 1.4.1 Certain administrative level documents such as organizational charts, internal or external procurement audit reports and findings, procurement staff roles and responsibilities, may also be requested at this time for phase 2 of the review.
- 2 Phase 2: Administrative document review: Administrative documents requested during the delegation interview shall be submitted to PCAP within 30 days or as mutually agreed upon. PCAP shall review, comment on findings and make recommendations for improvement (if necessary) as part of its final administrative report.
- 3 Phase 3: On-site procurement document review: Upon completion of phase 2, PCAP shall schedule specific dates and times, as mutually agreed upon with the governmental unit, to perform an on-site procurement document review. The review shall consist of a random sampling/review of any or all of the following:
  - 3.1 Solicitations, contracts, purchase orders and/or agreements resulting from:
    - 3.1.1 Requests for Quotations;
    - 3.1.2 Invitations for Bid (SCC and non SCC type);
    - 3.1.3 Requests for Proposals (SCC and non SCC type);
    - 3.1.4 Use of the State's Set-Aside Program;
    - 3.1.5 Use of General Service Administration Contracts;
    - 3.1.6 Emergency Procurement Determinations;
    - 3.1.7 Competition Impracticable Determinations; and
    - 3.1.8 Sole-Source Determinations.
- 4 Phase 4: Debriefing Interview: PCAP shall conduct a debriefing interview with the governmental unit's

Director, assigned Chief Procurement Officer or designee to discuss preliminary review findings before issuing its preliminary findings report.

**IX. Procurement Practice Review "Preliminary Findings Report":**

- 1 PCAP shall issue a preliminary findings report to the State governmental unit's Director, Chief Procurement Officer or designee for their review and/or response. Responses or disputes of findings shall:
  - 1.1 Be made in writing and submitted to PCAP within 30 days of receipt of the preliminary findings report;
  - 1.2 Cite the specific area or areas being challenged; and
  - 1.3 Be accompanied with additional information in support of the challenge.
    - 1.3.1 No-responses shall be considered an agreement by the governmental unit to the report.

**X. Final Procurement Practice Review Report:**

Upon completion of the review and consideration of any additional information that may be provided by the governmental unit. PCAP shall issue a final report of findings and recommendations to the State Procurement Administrator.

**XI. Final Administrative Report:**

The State Procurement Administrator shall issue a final administrative report to the State governmental unit's Director, Chief Procurement Officer or designee. The report shall detail findings and conclusions. Based on the procurement practice review the State Procurement Administrator may:

- 1 Certify compliance;
- 2 Make recommendations for improvement;
- 3 Request corrective actions be taken;
- 4 Suspend or revoke the State governmental unit's procurement delegation; or
- 5 Take other appropriate actions as necessary.

John O. Adler, CPO



State Procurement Administrator

4-10-06

Date